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July 20, 1989

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Ms. Lisa Walsh  
Leo Burnette & Co.  
35 West Wacker Drive  
Chicago, IL 60601

### KANSAS COUPON LAW

Dear Lisa:

This letter follows up on our recent telephone discussions concerning Kansas couponing law. The Kansas Supreme Court citation you requested is: State ex rel. Stephan v. Pepsi-Cola Bottlers, Inc., 232 Kan. 843, 639 P.2d 213 (1983). Stephan applied the couponing statute to a Pepsi-Cola Bottle Cap Promotion in which customers could receive a prize, if any, identified on the underside of a Pepsi bottle cap - e.g., a picture of a bicycle, television, etc. The Court ruled that this promotion did not violate the Kansas statute's prohibition of using a coupon or like device that can be redeemed for more than one specified and particular product not manufactured or packed by the manufacturer offering the promotion. The logic was that any given winning bottle cap could be redeemed only for the one specified and particular prize pictured on its underside.

Unfortunately, the Stephan decision does not alter our view that the ~~the~~ MARLBORO T-shirt and sweatsuit promotions that you are organizing on behalf of Philip Morris are suspect under Kansas law. In those promotions, as you have explained them to me, customers can redeem one or more proofs of purchase for any of several T-shirts, sweatpants or sweatshirts, all of which are manufactured by companies other than Philip Morris. In other words, a customer does not redeem a proof of purchase for just one "specified and particular" product of another manufacturer.

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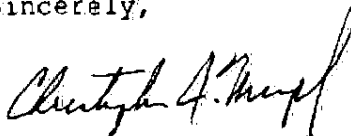
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Please call if you have any additional questions.

Sincerely,



Christopher J. Mugal

546/6408

cc: Martha W. Verscaj, Esq.  
Ray V. Hartwell, III, Esq.

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bc: David Rees Davies, Esq.  
L. Lee Byrd, Esq. ✓  
Ms. Sandi French

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